Fiscal Note 2011 Biennium

GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Bill #	HB0412	**Title:**	Revise liquor excise tax rates for smaller producers
Primary Sponsor:	Wiseman, Brady	**Status:**	As Introduced

☐ Significant Local Gov Impact   ☐ Needs to be included in HB 2   ☐ Technical Concerns

☐ Included in the Executive Budget   ☐ Significant Long-Term Impacts   ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
Revenue:				
General Fund	$0	$0	$0	$0
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of fiscal impact:

This bill decreases the liquor excise tax rate for producers that produce less than 50,000 proof gallons of liquor annually. The liquor control division does not currently carry any products from producers that produce less than 50,000 proof gallons of liquor annually. Therefore, there is no fiscal impact.

FISCAL ANALYSIS

Assumptions:
1. Under current law, the liquor excise tax rate is 16% of the retail selling price for producers that produce 200,000 or more proof gallons annually, and 13.8% of the retail selling price for producers that produce less than 200,000 proof gallons annually.
2. This bill changes the liquor excise tax rates as follows:

Nationwide Production	Tax Rate
Less than 20,000 proof gallons	3%
20,001 to 50,000 proof gallons	8%
50,001 to 200,000 proof gallons	13.8%
Over 200,000 proof gallons	16%

3. The liquor control division does not currently carry any products that are taxed at the lower rate of 13.8%, so there will be no products taxed at the reduced rates of 3% or 8%.
4. GenTax, the computer software used to administer state taxes, would need to be updated to incorporate the new tax rates. This would take 80 hours of development and 40 hours of testing. The development costs would be covered by existing maintenance contracts. Existing staff would redirect their time to cover the testing requirements.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*